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STATE FOR EEB/IFD/OMA BRIANA SAUNDERS

E.O. 12958: N/A

TAGS: [ECON](#) [AID](#) [EAID](#) [EFIN](#) [PREL](#)

SUBJECT: FY 2010 Prohibition On Assistance To Central Governments
Whose Budgets Are Not Transparent

REF: 10 STATE 1923

¶1. (SBU) SUMMARY The GOK publishes annually the proposed budget as passed by parliament and signed by the president. The published budget provides detailed income and expenditures which is publicly available for purchase. The published budget is relatively accurate in reflecting actual income and expenditures but some variance is found between proposed and actual figures. No events during 2009 impacted the fiscal transparency of the budget process. The GOK did not initiate new transparency efforts in 2009. End Summary.

¶2. (SBU) The following information is keyed to reftel tasking:

a. The GOK is receiving U.S. foreign assistance funds from the FY10 SFOAA.

b. The GOK annual budget is publicly available through the GOK Government Printer for a fee of Ksh6000 (approximately \$80). The fee is based on the size of the budget which was six volumes this year. Basic budget information is available online through the Ministry of Treasury but the online information alone is not sufficient to meet the expectations of the reftel request. The online information can be found at www.treasury.go.ke

c. The budget is detailed and provides line by line items on income and expenditures. In addition, quarterly revised budget estimates, which include updated information and re-allocations, are published and available to Kenyans. The national defense component of the budget is the only portion which is not broken out in detail. National defense expenditures are shown on one line in aggregate.

d. The quality of Kenya's budgetary planning has improved since the adoption of the Medium Term Expenditure Framework. Funds actually spent for recurrent expenditures are generally consistent with published budget figures. However, according to the World Bank, KenQ typically spends only 60% of its approved annual development expenditures. This shortfall reflects weaknesses in project planning and implementation. For revenue, actual revenue only deviated by 4.5 percent in the 2008/2009 budget cycle and by 8 percent in the 2007/2008 cycle. Therefore, Kenya's published budget projects a credible estimate of revenue collection.

e. No significant events have occurred in 2009 which would affect Kenya's fiscal transparency.

f. The GOK did not undertake any new efforts to improve fiscal transparency in 2009. With a potential new constitution, the GOK could have substantial changes to fiscal transparency in 2010.

13. (SBU) COMMENT The GOK provides a transparent and credible budget each year. In general, Kenya's budgetary and macro-economic management is impressive given the magnitude of other issues, including corruption. End Comment.
RANNEBERGER